



**ZAMBIA
REVENUE
AUTHORITY** | *My Tax
Your Tax
Our Destiny*

PAYE

*Taxation of Part – Time
Employees and Casuals*



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Introduction

Income arising from a person's employment is subject to tax. This tax is determined using the Pay As You Earn (PAYE) system. PAYE is a method of deducting tax from employees' emoluments in proportion to what they earn. Under this system, the employer is empowered to:

- Calculate tax payable by every employee;
- Deduct tax due from the emoluments; and
- Remit the tax deducted to ZRA.

Note: All types of employees' (full-time, Part-time, casuals, fixed term, shift workers, daily hire and weekly hire) are subject to employment tax (PAYE) on the income earned.

Who is a part-time employee?

According to the PAYE Regulations a single employment will not be regarded as part-time irrespective of the hours worked. Where a person gets at least a second job, that job and any subsequent job will be regarded as part-time employment provided he keeps the first job.

Who is a casual employee?

The PAYE Regulations define a casual employee as any employee the terms of whose employment provide for his payment at the end of each day

and who is engaged for a period of not more than six months.

Are payments for part-time employees or casual workers supposed to be taxed?

Yes they will be taxed as follows:-

- Part-time employees: the income received from this employment will be taxed at 37.5%. However, at the end of the charge year, the individual may apply for a refund of tax by submitting an "income tax refund" form (Refund claim form ITF 1A) where the individual will formerly declare that this income is the only income received from employment in the charge year; and
- Casual workers: these are taxed using the tax tables as follows:

	RATE OF TAX	TAX DUE (Kwacha)
CUMULATIVE CHARGEABLE INCOME		
First K109.00 @	0%	0
Exceeding K109.01 but not exceeding K135.00	25%	6.50
Exceeding K135.01 but not exceeding K204.00	30%	20.70
Balance over K204.01 @	37.5%	

Are allowances received together with the salary taxable?

All cash benefits paid in the form of allowances such as transport and lunch etc. are taxable under Pay As You Earn (PAYE).

What if PAYE is not remitted on time to ZRA?

A penalty of 5% will be charged on the amount due, and interest at Bank of Zambia discount rate plus 2%.

What if the tax deducted is wrong?

If there is an over-deduction of tax, a refund will be made to the employee by the employer and only in the same charge year. If there is an under-deduction of tax, the employer will pay the difference to the Revenue Authority.

The following is an example:

A casual worker is paid a gross pay/ allowance of K220.00 / day. The tax due will be calculated as follows;

Calculation of tax

First	K 109.00	@	0%	-	0
Next	K 26.00	@	25%	-	6.50
Next	K 69.00	@	30%	-	20.70
Balance	K 16.00	@	37.5%	-	6.00
Total tax due				-	33.20
Total tax payable				-	<u>33.20</u>

Calculation of Net Pay

Gross Pay	K220.00
Less tax	K 33.20
Net pay to employee	K 186.80